



## METRO HOLDINGS LIMITED

The Board of Directors of Metro Holdings Limited is pleased to announce the following:-

### UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2005

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

|   | Group                                     |   | %       | Group                                      |  | %      |
|---|---|---|---------|--|--|--------|
|   | 3rd Qtr<br>ended<br>31-Dec-2005<br>\$'000 | 3rd Qtr<br>ended<br>31-Dec-2004<br>\$'000 |         | 9 Months<br>ended<br>31-Dec-2005<br>\$'000 | 9 Months<br>ended<br>31-Dec-2004<br>\$'000 |        |
| Continuing operations                               |   |   |         |  |  |        |
| Revenue   | 60,966                                    | 54,368                                    | 12.14   | 148,487                                    | 136,046                                    | 9.14   |
| Cost of Revenue                                     | <u>(52,487)</u>                           | <u>(48,313)</u>                           | 8.64    | <u>(129,704)</u>                           | <u>(121,766)</u>                           | 6.52   |
| Gross Profit  | 8,479                                     | 6,055                                     | 40.03   | 18,783                                     | 14,280                                     | 31.53  |
| Other income including<br>interest income           | 4,749                                     | 7,185                                     | (33.90) | 20,318                                     | 19,015                                     | 6.85   |
| General and administrative<br>expenses              | (3,701)                                   | (4,106)                                   | (9.86)  | (18,203)                                   | (11,419)                                   | 59.41  |
| Profit from operating<br>activities                 | <u>9,527</u>                              | <u>9,134</u>                              | 4.30    | <u>20,898</u>                              | <u>21,876</u>                              | (4.47) |
| Finance costs                                       | (1,567)                                   | (261)                                     | 500.38  | (3,349)                                    | (720)                                      | 365.14 |
| Share of associated<br>companies' results           | (77)                                      | (188)                                     | (59.04) | 1,833                                      | 663  | 176.47 |
| Exceptional items                                   | -   | -   | n.m.    | 119,160                                    | -  | n.m.   |
| Profit from operating<br>activities before taxation | <u>7,883</u>                              | <u>8,685</u>                              | (9.23)  | <u>138,542</u>                             | <u>21,819</u>                              | 534.96 |
| Taxation  | <u>(1,827)</u>                            | <u>(1,380)</u>                            | 32.39   | <u>(5,610)</u>                             | <u>(4,099)</u>                             | 36.86  |
| Profit from continuing<br>operations after taxation | <u>6,056</u>                              | <u>7,305</u>                              | (17.10) | <u>132,932</u>                             | <u>17,720</u>                              | 650.18 |
| Profit from discontinued<br>operations              | -   | 364                                       | n.m.    | 5,998                                      | 933  | 542.87 |
| Profit for the period                               | <u><u>6,056</u></u>                       | <u><u>7,669</u></u>                       | (21.03) | <u><u>138,930</u></u>                      | <u><u>18,653</u></u>                       | 644.81 |
| Attributable to:                                    |   |   |         |  |  |        |
| Shareholders of the Company                         | 5,885                                     | 7,605                                     | (22.62) | 137,675                                    | 18,319                                     | 651.54 |
| Minority interests                                  | 171                                       | 64  | 167.19  | 1,255                                      | 334  | 275.75 |
|   | <u><u>6,056</u></u>                       | <u><u>7,669</u></u>                       | (21.03) | <u><u>138,930</u></u>                      | <u><u>18,653</u></u>                       | 644.81 |

1(a) (i) Profit before taxation is arrived at after accounting for:-

|  | Group                                     |   |             | Group                                      |  |             |
|--|---|---|-------------|--|--|-------------|
|  | 3rd Qtr<br>ended<br>31-Dec-2005<br>\$'000 | 3rd Qtr<br>ended<br>31-Dec-2004<br>\$'000 | %<br>Change | 9 Months<br>ended<br>31-Dec-2005<br>\$'000 | 9 Months<br>ended<br>31-Dec-2004<br>\$'000 | %<br>Change |
| Cost of revenue and general and administrative expenses includes:- |   |   |             |  |  |             |
| Depreciation   | (1,703)                                   | (2,007)                                   | (15.15)     | (5,979)                                    | (6,153)                                    | (2.83)      |
| Write back/ (Provision) for obsolete inventory                     | (13)                                      | (12)                                      | 8.33        | 237  | (375)                                      | (163.20)    |
| Write off of inventory   | (1,049)                                   | -   | n.m.        | (2,049)                                    | -  | n.m.        |
| Provision for doubtful debts                                       | (93)                                      | -   | n.m.        | (346)                                      | -  | n.m.        |
| Profit on disposal of property, plant and equipment                | 1   | 10  | (90.00)     | 1  | 64   | (98.44)     |
| Foreign exchange loss  | (55)                                      | (575)                                     | (90.43)     | (55)                                       | (591)                                      | (90.69)     |
| Other income including interest income includes:-                  |   |   |             |  |  |             |
| Dividend from unquoted investments                                 | 2,537                                     | 1,470                                     | 72.59       | 9,617                                      | 3,166                                      | 203.76      |
| Dividends from quoted investments                                  | 258                                       | 6   | 4,200.00    | 1,803                                      | 1,038                                      | 73.70       |
| Changes in fair value on short term investments                    | (4,620)                                   | -   | n.m.        | (8,281)                                    | -  | n.m.        |
| Interest income  | 3,050                                     | 1,847                                     | 65.13       | 7,442                                      | 5,190                                      | 43.39       |
| Profit on disposal of short term investments                       | 452                                       | 1,044                                     | (56.70)     | 607  | 1,063                                      | (42.90)     |
| Amortisation of discount on consolidation                          | -   | -   | n.m.        | -  | 363  | n.m.        |
| Management and advisory fees                                       | 1,597                                     | 1,664                                     | (4.03)      | 4,209                                      | 4,225                                      | (0.38)      |
| Other fee income from unquoted investment                          | -   | 90  | n.m.        | -  | 1,114                                      | n.m.        |
| Foreign exchange gain  | -   | -   | n.m.        | 6,347                                      | -  | n.m.        |

1(a)(ii) Exceptional Items comprise of :-

|   | 3rd Quarter ended   |                     | 9 months ended      |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31-Dec-05<br>\$'000 | 31-Dec-04<br>\$'000 | 31-Dec-05<br>\$'000 | 31-Dec-04<br>\$'000 |
| Surplus on disposal of The Oasis Resort   | -                   | -                   | 353                 | -                   |
| Gain on disposal of preference shares of an associated company  | -                   | -                   | 17,795              | -                   |
| Realisation of prior years' revaluation surplus of an investment property on disposal of interest in an associated company. | -                   | -                   | 100,190             | -                   |
| Surplus on disposal of a subsidiary company   | -                   | -                   | 1,175               | -                   |
|   | -                   | -                   | 119,513             | -                   |

1(a)(iii) Taxation

|                                    | 3rd Qtr ended       |                     | %        | 9 Months ended |                     | %        |
|------------------------------------|---------------------|---------------------|----------|----------------|---------------------|----------|
|                                    | 31-Dec-05<br>\$'000 | 31-Dec-04<br>\$'000 |          | Change         | 31-Dec-05<br>\$'000 |          |
| Current Year's tax                 | 2,252               | 908                 | 148.02   | 5,876          | 3,344               | 75.72    |
| Under provision in prior years     | 135                 | -                   | n.m.     | 135            | -                   | n.m.     |
| Deferred tax                       | (578)               | 654                 | (188.38) | (1,395)        | 756                 | (284.52) |
| Withholding tax                    | 78                  | 103                 | (24.27)  | 149            | 127                 | 17.32    |
| Share of associated companies' tax | (60)                | (285)               | (78.95)  | 845            | (128)               | (760.16) |
|                                    | <u>1,827</u>        | <u>1,380</u>        | 32.39    | <u>5,610</u>   | <u>4,099</u>        | 36.86    |

### 1(a)(iv) Discontinued Operations

Discontinued operations relate to the disposal of The Oasis Resort and a subsidiary company. The results and net cash flows of discontinued operations are as follows:-

|  | Group                                     |   |             | Group                                      |  |             |
|--|---|---|-------------|--|--|-------------|
|  | 3rd Qtr<br>ended<br>31-Dec-2005<br>\$'000 | 3rd Qtr<br>ended<br>31-Dec-2004<br>\$'000 | %<br>Change | 9 Months<br>ended<br>31-Dec-2005<br>\$'000 | 9 Months<br>ended<br>31-Dec-2004<br>\$'000 | %<br>Change |
| Revenue  | -   | 5,043                                     | n.m.        | 4,151                                      | 14,123                                     | (70.61)     |
| Cost of Revenue                                | -   | (3,618)                                   | n.m.        | (3,414)                                    | (10,465)                                   | (67.38)     |
| Gross Profit                                   | -   | 1,425                                     | n.m.        | 737  | 3,658                                      | (79.85)     |
| Other income including<br>interest income      | -   | 231                                       | n.m.        | 5,869                                      | 478  | 1,127.82    |
| General and administrative<br>expenses         | -   | (751)                                     | n.m.        | (569)                                      | (1,657)                                    | (65.66)     |
| Profit from operating<br>activities            | -   | 905                                       | n.m.        | 6,037                                      | 2,479                                      | 143.53      |
| Finance costs                                  | -   | (541)                                     | n.m.        | (392)                                      | (1,546)                                    | (74.64)     |
| Exceptional items                              | -   | -   | n.m.        | 353  | -  | n.m.        |
| Profit from operating<br>activities before tax | -   | 364                                       | n.m.        | 5,998                                      | 933  | 542.87      |

#### Cash generated from/ (used in):

|                        |   |       |      |          |         |          |
|------------------------|---|-------|------|----------|---------|----------|
| - operating activities | - | 1,078 | n.m. | 1,871    | 3,345   | (44.07)  |
| - investing activities | - | (109) | n.m. | 52,005   | (199)   | n.m.     |
| - financing activities | - | 760   | n.m. | (48,827) | (1,109) | 4,302.80 |
| Net cash flow          | - | 1,729 | n.m. | 5,049    | 2,037   | 147.86   |

1 (b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Balance Sheets as at

|                                | Group                 |                       | Company               |                                   |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------------------|
|                                | 31-Dec-2005<br>\$'000 | 31-Mar-2005<br>\$'000 | 31-Dec-2005<br>\$'000 | 31-Mar-2005<br>\$'000<br>Restated |
| <b>Non-current assets</b>      |                       |                       |                       |                                   |
| Property, plant and equipment  | 114,385               | 174,615               | 3,749                 | 3,886                             |
| Investment property            | 89,719                | 89,017                | -                     | -                                 |
| Subsidiary companies           | -                     | -                     | 17,195                | 17,338                            |
| Associated companies           | 79,980                | 153,400               | 26,168                | 26,148                            |
| Investments                    | 213,508               | 94,504                | -                     | -                                 |
|                                | <u>497,592</u>        | <u>511,536</u>        | <u>47,112</u>         | <u>47,372</u>                     |
| <b>Current assets</b>          |                       |                       |                       |                                   |
| Development property           | 52,687                | 52,273                | -                     | -                                 |
| Inventories                    | 15,171                | 14,541                | -                     | -                                 |
| Accounts receivable            | 16,293                | 45,003                | 447,443               | 426,798                           |
| Tax recoverable                | 1,292                 | 1,381                 | 1,292                 | 1,381                             |
| Short term investments         | 63,658                | 44,396                | -                     | -                                 |
| Cash and bank balances         | 264,320               | 144,403               | 5,116                 | 521                               |
|                                | <u>413,421</u>        | <u>301,997</u>        | <u>453,851</u>        | <u>428,700</u>                    |
| <b>Current liabilities</b>     |                       |                       |                       |                                   |
| Bank borrowings                | 56,317                | 62,308                | 11,724                | 6,765                             |
| Accounts payable               | 80,204                | 65,873                | 335,178               | 300,147                           |
| Provision for taxation         | 7,107                 | 5,827                 | -                     | -                                 |
|                                | <u>143,628</u>        | <u>134,008</u>        | <u>346,902</u>        | <u>306,912</u>                    |
| <b>Net current assets</b>      | 269,793               | 167,989               | 106,949               | 121,788                           |
| <b>Non-current liabilities</b> |                       |                       |                       |                                   |
| Long-term bank borrowings      | 89,311                | 33,206                | -                     | -                                 |
| Deferred taxation              | 29,490                | 28,827                | 1,232                 | 1,209                             |
|                                | (118,801)             | (62,033)              | (1,232)               | (1,209)                           |
|                                | <u>648,584</u>        | <u>617,492</u>        | <u>152,829</u>        | <u>167,951</u>                    |
| <b>Shareholders' equity</b>    |                       |                       |                       |                                   |
| Share capital                  | 126,155               | 126,155               | 126,155               | 126,155                           |
| Reserves                       | 513,895               | 482,888               | 26,674                | 41,796                            |
|                                | 640,050               | 609,043               | 152,829               | 167,951                           |
| Minority interests             | 8,534                 | 8,449                 | -                     | -                                 |
|                                | <u>648,584</u>        | <u>617,492</u>        | <u>152,829</u>        | <u>167,951</u>                    |

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

| As at 31-Dec-2005 |            | As at 31-Mar-2005 |            |
|-------------------|------------|-------------------|------------|
| Secured           | Unsecured  | Secured           | Unsecured  |
| 36,443,689        | 19,872,850 | 46,049,242        | 16,258,440 |

Amount repayable after one year

| As at 31-Dec-2005 |           | As at 31-Mar-2005 |           |
|-------------------|-----------|-------------------|-----------|
| Secured           | Unsecured | Secured           | Unsecured |
| 89,311,415        | -         | 33,206,250        | -         |

Details of any collateral

Leasehold property and development property with a net book value as at 31 December 2005 totalling \$159.0 million have been mortgaged to banks for banking facilities granted to jointly controlled entities. Total loans drawn on such facilities as at 31 December 2005 amounted to \$12.7 million. Short term loans of HK\$152.8 million (equivalent to S\$32.7 million) and a long term loan of US\$48.3 million (equivalent to S\$80.3 million) granted to subsidiaries were secured by S\$ equivalent fixed deposits.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year  
Consolidated Cash Flow Statement for the period ended

|   | Group                                     |   |
|---|---|---|
|   | 3rd Qtr<br>ended<br>31-Dec-2005<br>\$'000 | 3rd Qtr<br>ended<br>31-Dec-2004<br>\$'000 |
| <b>Cash flows from operating activities</b>                         |   |   |
| Operating profit before reinvestment in working capital             | 9,256                                     | 10,688                                    |
| Decrease/(increase) in inventories                                  | 1,296                                     | (911)                                     |
| Decrease/(increase) in accounts receivable                          | 2,298                                     | (2,315)                                   |
| Increase in short term investments                                  | (846)                                     | (13,758)                                  |
| Increase in accounts payable  | 10,138                                    | 12,258                                    |
| Cash generated from operations                                      | <u>22,142</u>                             | <u>5,962</u>                              |
| Interest expense paid   | (1,567)                                   | (802)                                     |
| Interest income received  | 2,280                                     | 552                                       |
| Income taxes paid   | (2,979)                                   | (1,082)                                   |
| Net cash provided by operating activities                           | <u>19,876</u>                             | <u>4,630</u>                              |
| <b>Cash flows from investing activities</b>                         |   |   |
| Additions to property, plant & equipment                            | (227)                                     | (435)                                     |
| Proceeds from disposal of subsidiary company                        | 9   | 10  |
| Additional investment in long term investments                      | (69,779)                                  | (10,212)                                  |
| Decrease/(increase) in amount owing by associated companies         | 1,964                                     | (1,306)                                   |
| Dividend received from quoted and unquoted investments              | 1,305                                     | 1,616                                     |
| Net cash used in investing activities                               | <u>(66,728)</u>                           | <u>(10,327)</u>                           |
| <b>Cash flows from financing activities</b>                         |   |   |
| Drawdown/ (repayment ) of bank borrowings (net)                     | 38,689                                    | (373)                                     |
| Receipt of minority interests' loans to subsidiary companies        | 2,613                                     | 1,815                                     |
| Dividend paid to Minority interest                                  | (50)                                      | -   |
| Net cash provided by financing activities                           | <u>41,252</u>                             | <u>1,442</u>                              |
| <b>Net decrease in cash and cash equivalents</b>                    | (5,600)                                   | (4,255)                                   |
| <b>Cash &amp; cash equivalents at beginning of financial period</b> | <u>269,920</u>                            | <u>185,398</u>                            |
| <b>Cash &amp; cash equivalents at end of financial period</b>       | <u><u>264,320</u></u>                     | <u><u>181,143</u></u>                     |

Consolidated Cash Flow Statement for the period ended (Cont'd)

|   | Group                                     |   |
|---|---|---|
|   | 3rd Qtr<br>ended<br>31-Dec-2005<br>\$'000 | 3rd Qtr<br>ended<br>31-Dec-2004<br>\$'000 |
| Reconciliation between profit from operating activities before<br>taxation and exceptional items and operating profit before<br>reinvestment in working capital |   |   |
| Profit from operating activities before taxation and<br>exceptional items   | 7,883                                     | 9,049                                     |
| Adjustments for:  |   |   |
| Interest expense  | 1,567                                     | 802                                       |
| Depreciation of property, plant and equipment   | 1,703                                     | 2,007                                     |
| Share of results of associated companies  | 77  | 188                                       |
| Interest and investment income  | (5,845)                                   | (3,323)                                   |
| Profit on disposal of property, plant and equipment   | (1)                                       | (11)                                      |
| Write off of inventory  | (1,049)                                   | -   |
| Provision for obsolete inventory  | (13)                                      | -   |
| Provision for impairment of investments   | -   | 535                                       |
| Changes in fair value in short term investments   | 4,620                                     | -   |
| Foreign exchange adjustments  | 314                                       | 1,441                                     |
| Operating profit before reinvestment in working capital   | <u>9,256</u>                              | <u>10,688</u>                             |



1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Changes in Shareholders' Equity

|  | Group                                     |   | Company                                   |   |
|--|---|---|---|---|
|  | 3rd Qtr<br>ended<br>31-Dec-2005<br>\$'000 | 3rd Qtr<br>ended<br>31-Dec-2004<br>\$'000 | 3rd Qtr<br>ended<br>31-Dec-2005<br>\$'000 | 3rd Qtr<br>ended<br>31-Dec-2004<br>\$'000 |
| <b>Share Capital</b>                                     |   |   |   |   |
| Balance at beginning and end of financial period         | 126,155                                   | 126,155                                   | 126,155                                   | 126,155                                   |
| <b>Capital Reserve</b>                                   |   |   |   |   |
| Balance at beginning and end of financial period         | 72,654                                    | 105,469                                   | 2,001                                     | 5,952                                     |
| <b>Foreign Currency Translation Reserve</b>              |   |   |   |   |
| Balance at beginning of financial period                 | (456)                                     | 2,081                                     | -   | -   |
| Foreign currency translation for the financial period    | (4,182)                                   | (5,588)                                   | -   | -   |
| Balance at end of financial period                       | (4,638)                                   | (3,507)                                   | -   | -   |
| <b>Revenue Reserve</b>                                   |   |   |   |   |
| Balance at beginning of financial period                 | 439,994                                   | 286,412                                   | 27,524                                    | (15,736)                                  |
| Profit attributable for the financial period             | 5,885                                     | 7,605                                     | (2,851)                                   | (1,542)                                   |
| Balance at end of financial period                       | 445,879                                   | 294,017                                   | 24,673                                    | (17,278)                                  |
| <b>Total attributable to shareholders of the Company</b> | <b>640,050</b>                            | <b>522,134</b>                            | <b>152,829</b>                            | <b>114,829</b>                            |
| <b>Minority Interest</b>                                 |   |   |   |   |
| Balance at beginning of financial period                 | 5,832                                     | 5,113                                     | -   | -   |
| Net profit for the period                                | 171                                       | 64  | -   | -   |
| Foreign currency translation for the period              | (32)                                      | 216                                       | -   | -   |
| Receipt of loan  | 2,613                                     | 1,815                                     | -   | -   |
| Dividend paid to minority shareholder                    | (50)                                      | -   | -   | -   |
| Balance at end of financial period                       | 8,534                                     | 7,208                                     | -   | -   |
| <b>Total shareholders equity</b>                         | <b>648,584</b>                            | <b>529,342</b>                            | <b>152,829</b>                            | <b>114,829</b>                            |

1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared to the most recently audited financial statements as at 31 March 2005.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the various revisions and new Financial Reporting Standards ("FRS"), that are applicable to the Group, with effect from 1 April 2005. These do not have a significant financial impact on the Group except for the following FRS, the impact of which have been reflected in the Statement of Changes in Shareholders' Equity under paragraph 1 (d)(i) above:-

|                  |   |
|------------------|---|
| FRS 39           | Financial Instruments : Recognition and Measurement |
| FRS 21 (Revised) | The Effects of Changes in Foreign Exchange Rates    |
| FRS 27 (Revised) | Consolidated and Separate Financial Statements      |
| FRS 28 (Revised) | Investments in Associates                           |

## FRS 39

In accordance with the transitional provisions of FRS 39, the change in accounting policy relating to the recognition, derecognition and measurement of financial instruments, has been accounted for prospectively without restatement for periods prior to 1 April 2005. The adoption of FRS 39 has resulted in an upward adjustment, mainly relating to the fair valuation of short term investments, of \$11,549,000, net of related deferred taxes, to the opening revenue reserve.

## FRS 27 & 28

With effect from 1 April 2005, the Company changed its accounting policy for the accounting of its investments in subsidiaries and associates in its separate financial statements to the cost method. Previously, the Company accounted for such investments using the equity method, which is no longer allowed under the revised FRS 27 and FRS 28. The change in accounting policy has been accounted for retrospectively and the opening capital reserve, revenue reserve and foreign currency translation reserve of the Company as at 1 April 2004 and 2005 have been restated. Further details of the effect have been disclosed under paragraph 1 (d) (i), Statement of Changes in Shareholders' Equity of the Company, in the Results for the First Quarter announcement dated 15 August 2005.

6) Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

### Earnings Per Share

|   | Group Figures |                               |
|---|---------------|-------------------------------|
|   | Latest Period | Previous corresponding period |
| Earnings per ordinary share based on net profit attributable to shareholders and after deducting any provision for preference dividends |               |                               |
| (a) Based on existing issued share capital  | 0.93 cents    | 1.21 cents                    |
| (b) On a fully diluted basis  | N.A.          | N.A.                          |
|   |               |                               |

7) Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

### Net Asset Value

|   | Group       | Company    |
|---|-------------|------------|
| Net asset value per ordinary share based on issued share capital at end of the period reported on |             |            |
| (a) Current Period  | 101.5 cents | 24.2 cents |
| (b) 31 March 2005   | 96.6 cents  | 26.6 cents |

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

8a) Segmental Results for Third Quarter ended 31 December

Business segment

|  | Property<br>\$'000 | Retail<br>\$'000 | Inter-segment<br>Elimination<br>\$'000 | Group<br>\$'000 |
|--|--------------------|------------------|--|-----------------|
| 2005   |                    |                  |  |                 |
| Sales to external customers                      | 7,626              | 53,340           | -                                      | 60,966          |
| Inter-segment sales                              | 217                | -                | (217)                                  | -               |
| Segment revenue                                  | <u>7,843</u>       | <u>53,340</u>    | <u>(217)</u>                           | <u>60,966</u>   |
| Segment results                                  | 5,113              | 4,414            | -                                      | 9,527           |
| Finance costs                                    |                    |                  |  | (1,567)         |
| Share of results of associated<br>companies      |                    |                  |  | <u>(77)</u>     |
| Profit before taxation                           |                    |                  |  | 7,883           |
| Taxation   |                    |                  |  | <u>(1,827)</u>  |
| Profit from continuing operations after taxation |                    |                  |  | 6,056           |
| Profit from discontinued operations              |                    |                  |  | <u>-</u>        |
| Profit for the period                            |                    |                  |  | <u>6,056</u>    |
| Attributable to:                                 |                    |                  |  |                 |
| Shareholders of the Company                      |                    |                  |  | 5,885           |
| Minority interests                               |                    |                  |  | <u>171</u>      |
|  |                    |                  |  | <u>6,056</u>    |

8a) Segmental Results for Third Quarter ended 31 December (Cont'd)

|  | Property<br>\$'000 | Retail<br>\$'000 | Inter-segment<br>Elimination<br>\$'000 | Group<br>\$'000 |
|--|--------------------|------------------|--|-----------------|
| 2004   |                    |                  |  |                 |
| Sales to external customers                      | 6,151              | 48,216           | -                                      | 54,367          |
| Inter-segment sales                              | 217                | -                | (217)                                  | -               |
| Segment revenue                                  | <u>6,368</u>       | <u>48,216</u>    | <u>(217)</u>                           | <u>54,367</u>   |
| Segment results                                  | 6,053              | 3,081            | -                                      | 9,134           |
| Finance costs                                    |                    |                  |  | (261)           |
| Share of results of associated<br>companies      |                    |                  |  | <u>(188)</u>    |
| Profit before taxation                           |                    |                  |  | 8,685           |
| Taxation   |                    |                  |  | <u>(1,380)</u>  |
| Profit from continuing operations after taxation |                    |                  |  | 7,305           |
| Profit from discontinued operations              |                    |                  |  | <u>364</u>      |
| Profit for the period                            |                    |                  |  | <u>7,669</u>    |
| Attributable to:                                 |                    |                  |  |                 |
| Shareholders of the Company                      |                    |                  |  | 7,605           |
| Minority interests                               |                    |                  |  | <u>64</u>       |
|  |                    |                  |  | <u>7,669</u>    |

Geographical segments

|                 | Asean<br>\$'000 | Hong Kong<br>and China<br>\$'000 | Group<br>\$'000 |
|-----------------|-----------------|----------------------------------|-----------------|
| 2005            |                 |                                  |                 |
| Segment revenue | <u>53,422</u>   | <u>7,544</u>                     | <u>60,966</u>   |
| 2004            |                 |                                  |                 |
| Segment revenue | <u>48,302</u>   | <u>6,065</u>                     | <u>54,367</u>   |

## 8b) Review

Group turnover for the third financial quarter to 31 December 2005 rose to \$61.0 million from \$54.4 million previously. Most of this was due to improved sales of the retail division.

Higher rental income from Metro City accounted for the improvement in the property division's revenue for the quarter of \$7.8 million as compared to the previous corresponding quarter's \$6.4 million. Interest income from investments made during the quarter, in bonds issued by the Shui On Land Ltd ("SOL") Group and Chigwell Holdings Ltd ("Chigwell") assisted in mitigating the cessation of interest income from the divestment of the Metro Group's interest in the junior bonds of Orchard Square Capital Assets Ltd ("OSCAL"). However, the property division's operating results declined from \$6.1 million to \$5.1 million due to fluctuations in the fair value of the Group's portfolio of short term investments. As mentioned in paragraph 5 above, earlier unrealised gains in the fair valuation of these investments up to 1 April 2005, have been adjusted to opening revenue reserve in accordance with FRS 39.

Promotional activities and higher festive sales in the quarter drove sales for the retail division 10.6% higher from \$48.2 million to \$53.3 million. The retail division's operating profit therefore rose from \$3.1 million to \$4.4 million for the quarter.

During the quarter, the Group subscribed for US\$27 million (approximately \$45.7 million) of Senior Notes due 2008 issued by the SOL Group and US\$15 million (approximately \$24.9 million) of Secured Loan Note due 2007 issued by Chigwell. These investments accounted for the increase in Investments (non-current assets) which rose from \$142.8 million as at 30 September 2005 to \$213.5 million as at 31 December 2005. Bank borrowings also rose by \$38.7 million as part of the funding for these investments came from bank borrowings as a partial hedge against currency exposure. There were no other material factors that affected the cashflow, working capital, assets and liabilities of the Group during the current financial quarter reported on.

### 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The results for the quarter ended 31 December 2005 were largely in line with the comments made under paragraph 10 of the Results for the Second Quarter announcement dated 11 November 2005.

### 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's properties are expected to continue to generate steady rental income. Interest income arising from the investments in the SOL Group and Chigwell bonds will offset the impact of the cessation of interest income from the disposal of the junior bonds of OSCAL.

Although the festive period up to the Chinese New Year in the next reporting quarter was shorter as compared to that for 2005, turnover of the retail division is expected to remain stable.

Shareholders may wish to take note that in January 2006, an advance booking form has been submitted for an application for the listing of, and permission to deal in, the shares of Shui On Land Ltd ("SOL") on the main board of the Stock Exchange of Hong Kong Limited ("SEHK") (the "Listing").

The Metro Group holds 50,000,000 convertible redeemable participating preference shares of US\$0.01 each in the capital of SOL at an aggregate subscription price of US\$50 million. As mentioned in the Company's announcement relating to its investment in SOL on 19 February 2004, these preference shares are convertible into ordinary shares of SOL upon a qualifying public share offering. Details of the share offer and other details in respect of the Listing, including the expected timetable, have not yet been finalised. The Listing is subject to, among other things, the approval from the SEHK, and the final decision of the board of directors of SOL, and the Listing may or may not materialise. A Listing will, however, result in the cessation of the effective fixed preference dividend of 11.8% per annum and the future income stream from the investment will be dependent on SOL's future dividend policies. The Metro Group's investment, currently accounted for as an unquoted available-for-sale investment carried at cost, will also be restated at fair market value with unrealised gains or losses arising from changes in market value recognized directly in equity through the statement of changes in equity.

#### 11. Dividends

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately preceding financial year? None

(c) Date payable

Not applicable

(d) Book closure date

Not applicable

#### 12. If no dividend has been declared/recommended, a statement to that effect

No interim dividend has been declared for the quarter ended 31 December 2005

BY ORDER OF THE BOARD

Tan Ching Chek and Lee Chin Yin  
Joint Company Secretaries  
Date 10 February 2006